

VZCZCXYZ0046
PP RUEHWEB

DE RUEHVI #1204/01 1291443
ZNR UUUUU ZZH
P 091443Z MAY 07
FM AMEMBASSY VIENNA
TO RUEHC/SECSTATE WASHDC PRIORITY 7242
RUEKJCS/OSD WASHDC PRIORITY
RHEHAAA/WHITEHOUSE WASHDC PRIORITY

UNCLAS VIENNA 001204

SIPDIS

SIPDIS

DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
TAGS: [OPRC](#) [KPAO](#) [AU](#)

SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: May 09, 2007

Tensions over Eurofighters

1. There are new tensions in the SPOe-OeVP coalition government over the parliamentary inquiry into the Eurofighter purchase. Vice-Chancellor and Finance Minister Wilhelm Molterer of the People's Party has criticized Defense Minister Norbert Darabos of the Social Democrats over his handling of the negotiations with the Eurofighter company. Molterer complained that the government is not being kept in the loop regarding the Defense Minister's policy. Meanwhile, Chancellor Alfred Gusenbauer has said the OeVP should not represent the interests of Eurofighter manufacturer EADS in the matter.

In connection with the controversy over the interceptors for Austria's armed forces, Austrian media continue to report that Defense Minister Norbert Darabos has said he doesn't expect the first group of Eurofighter jets, due for inspection next week, to pass a product test. Semi-official daily Wiener Zeitung quotes Darabos as stressing officials from the ministry are likely to find problems with the fighter jets meeting specifications set out in the purchase contract with Austria. Technicians are already at the Eurofighter works in Germany. Problems also remain with acquiring US held releases for the software, according to the Minister. The Eurofighters' manufacturer EADS has declined to comment on Darabos' view that the plane won't meet product standards. The Wiener Zeitung adds that head of the Eurofighter company Aloysius Rauen has told an Austrian parliamentary inquiry his firm is ready to discuss a settlement of the disputed contract to buy 18 jets, but not a complete cancellation of the deal. Eurofighter has broken off talks with the Austrian government on the two billion Euro contract. Meanwhile, independent provincial daily Salzburger Nachrichten runs the front-page headline "Eurofighter: Fischer should put his foot down," and writes that the OeVP has called for the Austria President to resolve the deadlock by making clear in his capacity as commander in chief of the Austrian armed forces that the security of the country was not a game of poker.

US Outrage over OMV Deal

2. ... headlines an Austrian daily, suggesting that Washington's opposition to Austrian energy provider OMV's interests in Iran's natural gas reserves has now led to "massive diplomatic tensions" between Austria and the US. Washington has threatened to block Austria's application for a seat on the UN Security Council, should the OMV's Iran deal be realized, high-ranking Austrian diplomats told the daily. Reporting on Washington's opposition to OMV's planned business deal with Iran and rumors that the US might block Austria's application

for a UNSC seat, semi-official daily Wiener Zeitung quotes the American Embassy in Vienna as emphasizing that currently the US "has not taken any position on Austria's candidacy for the Security Council." Therefore, "it would be purely hypothetical to talk about it at this point."

The daily also reports that according to a new report by the conservative American Enterprise Institute, Austria is one of the top seven investors in Iran. Sanctions imposed on Iran don't rule out economic contacts, but the institute has suggested withdrawing investment could be used to pressure Iran to abandon its nuclear program. France headed the list of investors, the Wiener Zeitung notes. Meanwhile, Austria's trade delegate to Tehran, Karl Hartlieb, says the institute's figures are misleading and that Europe believes trade with Tehran is one of the best ways to resolve political tensions.

Iran Ends Blockade of UN Non-Proliferation Meeting

13. Iran has ended its blockade of the agenda at an IAEA meeting in Vienna aimed at strengthening the Nuclear Non-Proliferation Treaty. The decision will allow the NPT review to continue as planned. Initially, Tehran had refused to accept a compromise on the wording of the agenda. One delegate said on Monday it appeared Iran wanted the meeting to fail, as it had opposed wording that mentioned the need for full compliance with the 1970 treaty, which is reviewed every five years.

Iran's decision to end its blockade of and IAEA meeting's agenda on strengthening the Nuclear Non-proliferation Treaty will permit the NPT review to continue as planned, semi-official daily Wiener Zeitung says. Tehran accepted a compromise proposal put forward by South Africa at the last minute, which prevented a premature termination of the conference as called for by Japan. Tehran had opposed wording that mentioned the "need for full compliance with the treaty," which is up for review every five years. This week's meeting of the International Atomic Energy Agency is in preparation for the 2010 conference, and is scheduled to run until Friday. United Nations sanctions have been imposed on Iran over its refusal to give up uranium enrichment. Meanwhile, the Wiener Zeitung quotes EU foreign policy chief Javier Solana as describing recent discussions with Tehran on its nuclear program as "very difficult." Talks between Solana and Iran's top nuclear negotiator Ali Larijani were held in Turkey last month, and according to Solana the problem was in convincing Iran to suspend the enrichment of uranium for the duration of further talks. He said he has hopes for another meeting with Iran's chief nuclear negotiator in the near future.

More Violence in Iraq

14. Violence continues in Iraq, with at least 68 people having been killed or found dead yesterday. A suicide car bomber killed over two dozen people in a Shiite city, and this morning a truck bomb killed twelve people in the Kurdish city of Erbil. Meanwhile, in the US the Democrats have presented a new proposal for additional funding for the military efforts in Iraq. The plan envisages funding for the next three months to be approved by the House of Representatives. In late July, Representatives will then have to decide whether to allocate additional money for either continuing or terminating the US military operation.

Analyzing recent developments in Iraq and the fallout of the Sharm el-Sheikh conference on the country's future, foreign editor for liberal daily Der Standard Gudrun Harrer writes: "In some ways things are just as before the Iraq invasion in March 2003: The language of international relations continues to build castles in the air, which are a far cry from reality in Iraq. Now, the international community, meeting in Sharm el-Sheikh, concluded the 'International Compact with Iraq,' designed to "boost the dynamism of national (Iraqi) consensus and international support. But so far the dynamism has failed to materialize, much as the notion of a national consensus. Besides, support is a fickle thing. In the ICI, the international community pledges long-term assistance, tied to a return performance from Iraq. (...) But what if Iraq fails to reach the goals put forward by the international community in the ICI? Will the international community simply call the Iraq project finished? Even optimists consider the conference's results no more than 'encouraging.' Something along the lines of 'the important thing is that everyone was there.' After all, we've become quite

humble."
McCaw